

Montana Wheat & Barley Committee
Fall Board of Directors Meeting
October 19 – 20, 2004
W.H.E.A.T. Building, Great Falls

Chairman Janice Mattson called the meeting to order at 8:00 a.m. on Tuesday, October 19, 2004. The following were present for either a portion or the entire meeting:

Directors:

Janice Mattson
Karen Schott
Dan Kidd
Brian Kaae

Leonard Schock
Dan DeBuff
Don Fast

Ex-Officios:

Ralph Peck, Director Montana Department of Agriculture
Marvin Blodgett, Grain Merchandiser General Mills Operations, Inc., Great Falls
Dr. Jeff Jacobsen, Dean MSU College of Ag (COA) and Director Montana Agricultural Experiment Station (MAES)

Staff:

Jim Christianson
Cheryl Tuck
Kolleen Spurgin
Renee Mason

Guests:

Will Kissinger, Administrator; Agricultural Development Division, Montana Department of Agriculture
Lochiel Edwards, President; Montana Grain Growers Association
Richard Owen, Executive Vice President; Montana Grain Growers Association
Keith Schott, Vice President; Montana Grain Growers Association
Lola Raska, Policy Associate/Web Site Manager; Montana Grain Growers Association
Dale Schuler, Second Vice President; National Association of Wheat Growers
Terry Whiteside, Freight Traffic Consultant; Whiteside and Associates
Peggy Stringer, Head Statistician; Montana Agricultural Statistics Service
Dr. James B. Johnson; Montana State University Agriculture Economics Department
Dr. Vincent H. Smith; Montana State University Agriculture Economics Department

1) M/S/C Leonard Schock/Dan DeBuff – That the tentative agenda be accepted with minor changes.

Jim Christianson reviewed the Minutes of the June 2004 Summer Board of Directors Meeting.

2) M/S/C Karen Schott/Dan Kidd -- That the minutes of the June 2004 Summer Board of Directors' meeting be approved, with suggested changes.

Christianson gave an account of sick leave and vacation accrued liabilities for himself and Cheryl Tuck so the Committee could get an idea of how much would be paid to Christianson on his retirement date. Will Kissinger commented, in situations such as this, funds are spread out over all accounts, rather than just Administrative Operations, so as not to burden one account with the entire amount. This issue will be addressed at the Spring 2005 Budget Meeting and a consensus on the best action to take concerning sick leave and vacation accrued liabilities will be decided at that time.

Funds to pay these types of liabilities are normally taken out of “personal services” or “operations” budgets.

Christianson reviewed the Fiscal Year End 2004 Financial Statement, indicating the Committee will be able to place funds into reserve this year, as revenues were slightly more than projected. The reserve is approximately at 8.7% for 2004 and, hopefully, that percentage will increase in future years to continue building the reserve.

Kolleen Spurgin presented the First Quarter Financial Statement through September 30, 2004, indicating the MW & BC collections have been slow to date, but will increase as harvest winds down and crops are sold.

3) M/S/C Brian Kaae/Dan Kidd – That the FYE June 30, 2004 Financial Statement and the First Quarter September 30, 2004 Financial Statement be approved, as presented.

Christianson distributed handouts on Cheryl Tuck’s Information Specialist (IS) activities, the Activities Diary and the Information Requests reports, in Tuck’s absence. Christianson stated Tuck’s adeptness at handling any and all trade teams that come to Montana with skill and humor. Tuck is responsible for generating all information that is passed on to interested parties as well as what is used in our office on a daily basis.

Discussion was held regarding Board obligations and liabilities due to an individual local court ruling on the east coast that all Board directors are equally liable but some could be more liable than others, depending on their position on the Board. The Committee discussed the protocol of being a board director, as well as rules and regulations the Committee must adhere to in transacting business. Montana statute specifically allows MW & BC to have its own goals and policies. Kidd thought it best to have a hard copy available of the Committee’s operating policies. Kidd and Kaae committed to work with the Montana Department of Agriculture in constructing a written list of MW & BC policies to better understand and clarify the MW & BC’s position on goals and objectives. Administrative policies, on the other hand, are guided by the Montana Department of Agriculture.

Clarification pertaining to issues that could be addressed in Executive Session was brought up and discussed. Ralph Peck commented that only personnel issues and strict legal issues could be addressed in Executive Session. Otherwise, Board meetings are open to the public and all information is public as set by the Montana state constitution. Only private companies can have closed meetings. MW & BC board meetings must all be publicly announced with dates and times and the Committee can set policy as long as it adheres to the state constitution. The question of liability and what exactly is covered under the umbrella of the State of Montana was addressed, including tort claims covered while doing fiduciary duties and traveling while engaging in fiduciary duties.

On the subject of a national merger between the National Association of Wheat Growers (NAWG), the U.S. Wheat Associates (USWA) and the Wheat Export Trade Education Committee (WETEC), considerable discussion ensued among the Board regarding pros and cons of this proposal. A Committee discussion was postponed until later in the meeting to allow time for further debate.

Janice Mattson presented the Wheat Export Trade Education Committee (WETEC) update, stating it is a defunct organization due to lack of funding. North Dakota and Minnesota have discontinued

funding for WETEC. The grower/producers are split concerning what will happen to WETEC at this point, especially with the Wheat Industry Consolidation Committee (WICC) proposal yet to be resolved.

DeBuff and Schock presented updates on USWA's last meeting. USWA executives voted 88% against adoption of the Joint Biotech Committee report, indicating the estimated one million dollar cost was excessive in light of disagreements regarding who will make final decisions, the individual boards or the Biotech Committee. The "Road Forward" document was also rejected by USWA, urging the Joint Biotech Committee to resolve the governance issue. DeBuff emphasized again that "a Committee" should not have final authority over the Board of Directors and he feels the "Road Forward" document will never pass if this is not corrected in the proposal. Schock stated that Alan Tracy, President of USWA, should do a formal presentation outlining exactly what USWA's responsibilities entail, to alleviate any possible future misunderstandings.

Schott inquired what the underlying issues were and how industry pressures played into deciding these issues. Kidd advised that more explicit communications by one wheat voice with legislators could alleviate some of the dissension surrounding controversial issues. Mattson thought a stronger, more defined job description would help dispel disagreements over who would be responsible for the various areas of the consolidation.

Mattson presented the National Barley Food Council's (NBFC) report, with an update regarding the current status of the petition to the Federal Drug Administration (FDA) for a health claim on barley, as the health claim or benefit is needed to aid in the promotion and marketing of barley. As an aside, Mattson added China and Taiwan have expressed interest in adding 10% barley in with rice for health reasons.

Mattson also gave the Wheat Foods Council (WFC) report, stating they are still looking for a replacement of former president Judi Adams. They want to find "the right person" for the job. Lori Sachau is Acting President until the position is filled. Schott mentioned the WFC's budget was \$1.2 million, with 20% devoted to administrative costs, but it is now reduced down to \$750,000, with administrative costs being 40% of the budget. The WFC organization is still a credible and trusted resource viable for the next three years, with its focus on sound research and nutritional issues. The Board appeared to be split on where the WFC is going – the focus was to be on bread, but now it has shifted to whole grains. Kaae informed the Committee that the current popularity of "fad" diets is the reason the focus has shifted to whole grains. General Mills has recently started using whole grains in making many of their cereals to provide a more nutritional product. The U.S. Department of Agriculture (USDA) Dietary Guidelines change for 2005 will reduce grains by one serving – a much less damaging solution to the grains industry than a total "sell out" to the "no carb" diets.

Kidd and Schott gave the U.S. Grains Council (USGC) Summer Board Meeting Report. Kidd presented the USGC update regarding the recent election of officers, mentioning that he is currently the Chairman of the USGC Joint Trade Team Committee. The Council had a budget review meeting indicating a 12% overall increase, with a 9% funding increase. A large portion of the budget, approximately \$1.5 million, has currently been spent working with soy producers through the new Global Broad-based Initiative (GBI) program in Iraq. Funding for the Market Access Program has also increased to over \$1 million, all allocated to Biotechnology. Bob Thompson, former Director of the Agriculture of the World Bank, stated he wouldn't raise any wheat east of the Mississippi, because

one can't compete with soft red wheat. Thompson further briefed USGC members stating U.S. wheat producers are the most vulnerable in World Trade Organizations (WTO) negotiations. Kidd passed out a handout regarding GM barley. Malt and beer industries are concerned over the whole biotech situation, expressing concern over types of control being used for development. It appears it will go forward utilizing a closed system and destroying any by-products, while using solid waste to produce ethanol. So far, no fear of cross-pollination has been expressed. Kidd stated USGC emphasized the need to move forward with the WTO negotiations, even though most countries feel all GSM credit programs are illegal because of market distortion. The wheat and barley industry is fine using GSM credits for now, but cotton, rice and corn are in clear violation of the WTO (not protected in the Uruguay Round), which means tariffs can immediately be put on the items in question if we lose the appeal in the WTO. Wheat is protected under the Uruguay Round. The U.S. offered to cut some provisions of the GSM program in negotiations, but the WTO is claiming the entire program is illegal and should be stopped. The U.S. has an equal chance of winning the appeal, coming to terms regarding cotton and rice. Cargill wants to bring sugarcane from Brazil into the Caribbean for the production of ethanol, using the Caribbean Basin Initiative (CBI) to export ethanol into the U.S. duty-free. However, this would be a clear violation of WTO agreements, and the Council will monitor this closely. The USGC is trying to determine the best source of market access for feed barley, malt barley, and malt, which could be used in marketing barley. This is only one of the many reasons MW & BC is affiliated with USGC.

Kaae presented the Northern Crops Institute (NCI) report. Kaae mentioned numerous trade teams have been to NCI and how efficiently the facility is run. NCI has currently gone through some staffing changes due to employees taking jobs elsewhere within the industry. Kaae stated NCI is looking for a specialist to fill the position vacated by Henry Stevens. Brian Sorenson is the technical production expert and a recognized authority on wheat. NCI offers courses in wheat and flour quality at its facility, using a hands-on approach. Montana winter wheat quality is currently being assessed at the NCI commodity grading/grain inspection lab. A small commercial mill was donated to NCI for milling durum wheat and it is the only pilot-scale durum mill in the U.S. Malting barley has become a potentially large industry, especially with microbreweries popping up everywhere. The expansion of corn and ethanol has necessitated by-product markets "Dried Distilled Grains" (DDG's) and education on potential uses. Kidd mentioned difficulties that may arise because there are no Federal Grain Inspection Service grade standards in place.

Kaae presented the Wheat Marketing Center (WMC) update, stating the North Dakota Wheat Commission (NDWC) has discontinued its support of the WMC and did not fund this budget cycle. The WMC has decided not to replace staff members as they move on to different jobs. Kaae credits David Shelton's informal personnel structure and good interaction with the Board of Directors and staff for the excellent team effort at WMC. There is a focus group meeting next month to discuss issues including bio-containment measures. Kaae commented North Dakota producers don't come to the focus group meetings, and he would like to find out why, as it would be helpful to have their input. Schock stated he was also curious why the focus group meetings weren't attended in that area.

Jim Christianson gave an account of the 2004 Trade Team Visits to Montana indicating the last trade team was from Nippon (owners of Pasta Montana) and was interested in durum. The remaining 20-25% of durum samples were not in yet. However, the better quality durum has already been harvested. The 14% protein durum had still not been completely harvested, with freezing temperatures killing what was left. There are fewer trade teams coming to the U.S. and Montana

because it is very expensive. The length of these visits has also decreased for that same reason. These trade teams used to be composed of government officials, but now consist of the flour millers themselves. Foreign buyers use e-mail and fax machines to relay useful information. Kansas was the only state that had more visiting trade teams than Montana in 2004. Judge Barth works with all of the trade teams for North Dakota. Christianson mentioned he plans to stay out of future interactions with Montana trade teams and leave it to his successor. He feels trade teams should come to Great Falls, more often in order to increase backsell with producers but currently they all want to go to the MSU Cereal Quality Lab to discuss cereal chemistry. Great Falls needs some kind of facility to show the flour quality that produces different types of pasta and breads to give foreign visitors a more hands-on approach, followed up by having a cereal chemist explain the processes and results. The trade teams would get to see, taste and feel the end results our grains can produce, as well as actually go out in the fields where they are grown. Discussion was brought up about the most effective way of utilizing "back sell" to benefit producers.

The Committee adjourned for lunch at Noon and reconvened at 1:00 p.m.

Lochiel Edwards, Keith Schott, and Lola Raska shared the Montana Grain Growers Association (MGGA), National Barley Growers Association (NBGA), Marketing Club and MontanaMarketManager updates. Schott commented MGGA was setting the groundwork for the upcoming Farm Bill. Schott mentioned concerns in his area regarding lower land values. Fast asked about dilution of direct payments of what is currently in production and inquired if there had been any discussion about any ramifications of land values. Edwards indicated a request for the Conservation Reserve Program (CRP) extensions has been made to help buffer losses and encouraged input, as comment periods remain open. Currently the Disaster Program has recorded 65% losses, with some as high as 95%. Dale Schuler injected that the last Disaster Program has continuous changes on when payments would arrive, stating they will most likely be in January or February of 2005. Raska anticipates a request to use the actual Montana crop price in their calculations. Kidd stated there is a penalty for those with Crop Revenue Coverage (CRC) and was also curious as to how CRC calculations are established for disaster calculations. Schott stated the offset comes from the Conservation Security Program (CSP) program. Schott reviewed information regarding Round-Up Ready wheat, a development that has been tabled. Schott reported NAWG and WETEC had passed the "Road Forward" document, but USWA decided to vote against it.

Raska reported the NBGA had shown interest in securing "greenbox" funding, so when budget reconciliation rolls around there will be continued support. WTO requires guarantees to be set out in writing on "greenbox" funding to help set precedence. NBGA is requesting producers to send letters thanking Congress for all of their support regarding transportation issues. DeBuff stated one of the reasons we need disaster payments is due to crop insurance issues. Edwards mentioned we would be able to get NBGA on board with Montana soon. Edwards also stated, as a final note, how pleased he was with the activities of the past months with Australia giving its commitment. He said the Moroccan Agreement has not been signed and work is continuing to succeed in getting Iraqi officials over to the U.S. for education on milling techniques and methods.

Dale Schuler presented the NAWG report stating wheat quality is a top priority, as well as establishing new uses to maintain competitiveness. Discussions with wheat industry leaders indicate feelings that alternative uses for wheat haven't been sufficiently researched. The wheat utilization issue has been raised with a focus on non-starch applications and wheat by-products could be used

for ethanol production. Appropriations for 2004 are not expected to pass this year. Language in the 2002 Farm Bill allows for fair representation of Social Disadvantage Awareness (SDA) with appointments of committee members and NAWG has asked for a 30-day extension. The USDA has questioned its authority to collect grain assessments at the local Farm Service Agency (FSA) offices when grain is put under loan, due to the problem created for state commissions when loan grain is forfeited, rather than moving into commercial channels where the assessment can be collected. Federal legislation is pending to make it clear that FSA offices can collect the assessment on loan grain and Montana's congressional delegation is supporting the legislation, even though it is not a major issue in this state.

Kissinger presented employee longevity awards to MW & BC staff, thanking them all for their years of dedicated service to the Montana Department of Agriculture and the Committee.

Ralph Peck gave the Montana Department of Agriculture and Legislative Outlook updates, indicating that Montana hail insurance had a 46.21% loss and the private sector insurance showed a 42% loss, adding the Hail Board will consider a refund. There has been quite a bit of discussion regarding the Grain Bonding issue, with the largest area of concern being if the federal government will pre-empt states' laws currently in place or will these laws automatically be superceded by federal government regulations. Also, there is concern whether the \$12 million pool is large enough to handle any problems that may arise. Montana has many special interest groups investing here, with Anheuser Busch being one of the larger investors. Peck stated he felt biotechnology is the future and, speaking only of the science aspect, said Montana cannot afford to be an island unto itself. We must move forward and make decisions from scientific viewpoints about biotechnology on national and international levels.

Peck said another large issue at stake in Montana is the rail or transportation issue regarding abandonment of rail lines due to lack of repair and maintenance or just lack of use. Some areas of legislation causing concern are: food is a national security issue similar to Homeland Security; the simplification of ground water issues; and commodity licensing on alfalfa, wheat, and barley requiring check-off dollars. There is a pilot program currently in place concerning trade issues between the U.S. and Canada to aid Montana's position. However, Canadian inspectors have created a problem for us that add two cents to two and a half cents per bushel. The Tri-National Trade Accord between the U.S., Mexico, and Canada has been established to resolve issues before trade is affected. Peck emphasized all Montana issues should be prominent in order to insure they will be effectively and efficiently addressed.

Kissinger presented the State Grain Lab financial and administrative situation update, indicating the Lab had been very busy lately. Kissinger hopes the demand for service doesn't drop off too suddenly or the Lab could be in trouble as it started out the fiscal year short on revenue. The fee schedule is higher at the Lab and that may be part of the reason it is in financial difficulties. Kissinger commented there is an employee being trained to eventually take over Bureau Chief duties at the Lab.

MW & BC Board of director and staff photographs were taken.

Jim Johnson and Vince Smith presented their study on "Agricultural Chemical Prices in Canada and the U.S., a study requested by MGGA and partially funded by the MW & BC, concerning price differentiation between the two countries to determine if, in fact, there was a considerable difference.

Smith presented the information, and shared that excellent cooperation from Alberta and several of the Montana Agricultural Experiment Stations had been received. This study was done over a two-week period and it took three weeks to process the information. It was a point in time comparison with pricing in Canada and the U.S. being the pertinent data. So far, the major difference pertains to manufacturers and differences based on current patents.

4) M/S/C Dan Kidd/Dan DeBuff – The Committee approved a “no cost time extension” for the study entitled “Agricultural Chemical Prices in Canada and the United States: A Case Study of Alberta and Montana”. This extension is necessitated to allow time for actual publication of the document and a notation of this change, through March 31, 2005, will be made to the 2004-2005 contract.

Peggy Stringer gave the Montana Agricultural Statistics Service (MASS) update, and distributed handouts, emphasizing pictures that had been added for a new look. Stringer gave an account of where Montana crops stood as of October, indicating there was still durum in the field, as only 86% had been harvested. This year’s durum crop is only one less bushel per acre behind Montana’s best durum producing year. The winter wheat crop is the best so far, up four bushels per acre, and spring wheat is also the best year yet, up nine bushels per acre, compared to the highest producing spring wheat year. Stringer said that MASS is planning to do a re-interview survey, which will include Montana, North Dakota, and Minnesota.

Marvin Blodgett presented his “View From the Trade” update, and he distributed handouts indicating an extremely large corn crop of 11.6 billion bushels with the possibility of becoming even larger, stating U.S. production alone could be 1.7 billion bushels. Blodgett mentioned discussion of Australia’s drought condition and said Australia recently sold one million tons of corn to Iraq. The massive growth trend in China has slowed, causing investors to head for the sidelines in hopes that ocean freight rates will ease up a bit. Domestic and export business has been brisk but will slow as we head into November. The local basis has helped drive cash markets. However, if the increase of country selling continues, the basis could drop sharply. There is no bullish reporting at this time. World production is still a bit of an unknown unless something really big happens. Present indicators could dictate lower cash markets. Discussion concerning food security issues was brought up, with Blodgett commenting that General Mills already requires all shipments be covered and sealed or it will reject them.

The meeting adjourned at 5:10 p.m.

The meeting reconvened at 8:00 a.m. on Wednesday, October 20, beginning with the Executive Session.

Jacobsen presented the MSU, Variety Release Policy, and Legislative Priorities updates. Jacobsen informed the Committee that MSU had only \$170,000 yet to be raised in the million-dollar match program relative to the Long Range Building Plan (LRBP). There have been delays due to the price of steel and hopefully those prices will go down in time to complete the project. MSU administrative changes are taking place with the retirement of Don Kress in March 2005. They plan to fill the position internally, depending on the 2005 legislative outcome. The Head of Entomology is also planning to step down sometime between January and June of 2005. Information has been received with regard to Coors Brewing and NAWG planning to invest in the MSU Agricultural Research Centers.

The latest information concerning variety releases was outlined on a revised graph that Jacobsen distributed. The creation of another committee entitled “Wheat and Barley Protection Committee” has been recommended to address variety release issues with three mechanisms outlined: 1) Public Release – No PVP; 2) Protected Public Release Plant Variety Protection (PVP) and Title 5 Protection; and 3) License Release. Proposed research is in the works regarding the Chouteau variety with implementation on foundation (registered/certified) seed sold. Ron Larson and Bill Grey propose using funds to pay for PVP or Title 5 protection, with the remainder being split equally – half to the inventor and half going back into research. The cost associated with PVP is approximately three dollars per bushel. The cost for the foundation Choteau variety is currently at \$30 per bushel and could be less, depending on volume. The volume issue could affect Montana, as North Dakota’s seed is down to \$13.50 per bushel. Currently the account is empty, with new funds not forthcoming until June. Increased fixed costs have mostly been the cause of the account being depleted so rapidly.

Edwards stated royalty fees on seed prices brought forth to the MGGA members resulted in acceptance of a 25-cent increase; definite resistance to a 50-cent increase; but support of a 30-cent increase. Kidd indicated a need to get the funds to implement the program, especially since we have such a good variety in the Choteau seed. Kidd commented he was optimistic with the Choteau variety and that it was a good place to start, but had questions pertaining to what level of financing it would take to actually begin the project. He also emphasized how a severe drought year made it more difficult due to the extremely high feed foundation seed costs. MSU had delayed a deadline for implementation of the Variety Release Policy until the MW & BC meeting to get input from the Committee. Christianson mentioned Montana should mirror North Dakota fees pertaining to certified seed. Fast recommended the Committee support a 30-cents per bushel fee.

5) M/S/C Don Fast/Dan Kidd – That the Committee support the recommendation of 30 cents per bushel for both wheat and barley certified/registered seed prices.

Jacobsen presented data, concerning continued government funding of Wheat Stem Sawfly research, noting that options regarding a new approach to barley research are being considered. The current feed barley program has been a long-running program with mixed results. There has been discussion about converting the funding to a new project entitled “Barley for Rural Development” to reflect the changes in Montana and surrounding areas.

Discussion took place concerning names of the new MSU buildings and a need to avoid confusion regarding fundraising for each building.

Terry Whiteside presented the Transportation Report Update. He distributed handouts outlining the Alliance for Rail Competition (ARC) 2005 Objectives. Whiteside mentioned the extensive traveling ARC has been doing in their recruitment process. Three appropriations bills passed in the 2004 legislative session – “must do” bills only. Whiteside said that railroads are telling blatant untruths about what will happen if the Transportation Bill passes. The good news is that Congress is focusing on the rail situation, finally realizing the gravity of problems that may arise if it is not addressed.

Discussion concerning abandonment of Montana rail lines took place and Kidd indicated we could file right now on the Big Sandy rate case. Blodgett commented rent for the easement on the closed facility in Big Sandy is only one dollar, and the line hasn’t been abandoned, but service is not available either. Whiteside reported the state of Montana does not want any rate cases filed at this

time, but will not give information as to the reasoning behind the request. Whiteside feels it has to do with the need to develop some type of strategy before going forward and also possibly the upcoming election. Kidd stated it was not right and probably not legal for the suspected payoff by Burlington Northern Santa Fe (BNSF) to different grain companies not to use various spur lines.

6) M/S/C Dan Kidd/Leonard Schock – Move to file a rate case, if it is justified on either line being considered for abandonment.

Schott presented the USGC Grain Export Market (GEM) Asian Trip report, which she'd participated in. The mission was composed of five producers, two state executives, two journalists and the USGC Asia staff. The mission actually favored corn exports with Schott being the only group member representing barley. Taiwan was the first stop on the mission with the main objective being to identify opportunities for value-added products. The population of Taiwan is 23 million and is approximately the size of Maryland. They are buyers of the highest quality of grains in the U.S. with 92% market share. The group toured WeiMon and Cargill plants where they produce packing peanuts, cups, and biodegradable urns. They also toured the Distillers Dried Grains with Solubles (DDGS) plant where plastic boots were required for sanitary purposes. The next stop was Vietnam where there is great potential for sales, but many hurdles to overcome. The population of Vietnam is 81 million and is the size of New Mexico. There are many trade barriers and transportation is a huge problem. No cold storage exists and Vietnamese shop at wet markets. Schott stated it was a case of "development meets under-developed". The annual income is \$300 U.S. dollars, and the average age is under forty years. Vietnam's climate is very wet and tropical and the average size farm is half an acre leased from the government. The group traveled to Panamax Port, the only port in Vietnam. The policy statement is "people port equals potential". Storage facilities for all types of commodities are essential to the development of this area. While in Vietnam, the group toured the Saigon Brewery and were able to sample beer produced there, stating it was very good. They went through the Kuchi Tunnels where some Vietnamese lived during the war. Tunnel openings were disguised with sand-like anthills and some entrances were traps with spikes. Cooking facilities and everything necessary to survive were in the tunnels, but they were very small. Vietnamese call the war the U.S. War, whereas we (in the U.S.) have always called it the Vietnam War. Traffic is very bad due to lack of traffic lights and the fact that no one follows traffic signs and many citizens travel on bicycles, adding to the chaos. Rice paddies, planted by hand with seedlings from the state nursery, are a common sight in Vietnam. Another commodity is latex, produced from rubber trees.

Schott mentioned the China situation, stating Todd Meyer was the spokesman in that area for USGC. U.S. corn is favored and at least half the world's hogs are produced in China. Schott mentioned the population of the world is 6.2 billion and China alone accounts for twenty percent of that figure. The population of the U.S. is 293,027,571, and both countries are approximately the same geographical size. Beijing, one of the largest cities, has no rail system. There have been issues concerning non-acceptance of GM wheat. However, China is accepting GM soybeans.

After resumed discussion, there was a general understanding of the Board that the MW & BC would not support the WICC plan.

Election of Officers was held and Committee Assignments for 2004-2005 were discussed and assigned as follows:

MW & BC BOARD ASSIGNMENTS

OCT. 2004 – SEPT. 2005

U. S. WHEAT ASSOCIATES	
Budget Committee	Dan DeBuff
Board Member	Janice Mattson
Alternate Board Member	Karen Schott
WETEC Board Member	Janice Mattson
U.S. GRAINS COUNCIL	
Executive Committee	Dan Kidd
Board Member	Don Fast
Alternate Board Member	Brian Kaae
WHEAT MARKETING CENTER	
Board Member	Brian Kaae
Alternate Board Member	Don Fast
NATIONAL BARLEY FOODS COUNCIL	
Board Member	Janice Mattson
Alternate Board Member	Karen Schott
WHEAT FOODS COUNCIL	
Board Member	Karen Schott
Alternate Board Member	Janice Mattson
MONTANA STATE UNIVERSITY	
Liaison	Janice Mattson
Liaison	Brian Kaae
Liaison	Don Fast
Liaison	Dan Kidd
Variety Release Committee	Brian Kaae
License Release Committee	Dan Kidd
Wheat and Barley Variety Protection Committee	Dan Kidd
NORTHERN CROPS INSTITUTE	
Board Member	Brian Kaae
Alternate Board Member	Don Fast
NATIONAL BARLEY IMPROVEMENT COMMITTEE	
Board Member	Janice Mattson
Alternate Board Member	Brian Kaae
NORTHERN PLAINS AG RESEARCH	
Board Member	Brian Kaae
Alternate Board Member	Don Fast

7) M/S/C Dan Kidd/Karen Schott – That a unanimous ballot be cast for Don Fast as Chair of the Committee.

8) M/S/C Leonard Schock/Karen Schott – That a unanimous ballot be cast for Dan DeBuff as Vice Chair.

9) M/S/C Leonard Schock/Don Fast – To accept the board assignments listed above.

10) M/S/C Dan DeBuff/Leonard Schock – That the meeting be adjourned at 3:30 p.m.

Don Fast, Chairman (In absence of Executive Vice President)

Date